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TRANSPORTATION FOR BRIAN HEDBERG
AMCONSUL MONTREAL FOR US MISSION TO ICAO
FAA NATIONAL HQ FOR JIM FILIPPATOS AND DI REIMOLD
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SUBJECT: FAA'S FILIPPATOS DISCUSSES ARGENTINA AVIATION TRANSITION,
FAA ASSISTANCE, ICAO GENERAL ASSEMBLY

REF: (A) Buenos Aires 1287, (B) Buenos Aires 1046, (C) Buenos Aires
518

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Summary

1. (SBU) The August 13 visit to Argentina of FAA Assistant Administrator for International Aviation James Filippatos and Acting Western Hemisphere Director Cecilia Capestany reinforced close ties with senior-level GOA aviation officials. FAA officials also met with U.S. carriers operating here. GOA officials discussed the measured pace of Argentine civil aviation's transition from military to civilian control (ref C), and indicated that further policy and personnel decisions will likely not occur until after the October presidential elections. GOA and FAA officials also discussed possible FAA technical assistance to support this transition, including having GoA aviation policy and technical officials visit FAA centers in the United States. Discussions also focused on the upcoming September ICAO General Assembly (ICAO GA), and our common concern with the European Union's emissions trading scheme (ETS, ref A), the extension of our technical assistance program with the GOA's civil aviation authority, and the FAA's plan to open a regional office in Brasilia. Press coverage and GOA's reaction to the FAA visit were extremely positive. END SUMMARY.

U.S. AIR CARRIERS DISCUSS CHALLENGING POLITICAL, COMMERCIAL AND
SECURITY ENVIRONMENT - BUT REMAIN PROFITABLE

12. (SBU) Representatives from five of the six U.S. passenger and parcel carriers operating in Argentina said that their main problem was what they described as the overt politicization of all aspects of aviation. They said that most aviation problems are dealt with on the political, not technical, level. They said that the many different GOA aviation-related authorities make "arbitrary" decisions not subject to discussion, and that there is little communication among the many authorities themselves. The carriers said no major aviation policy or decision will be made until at least after the October presidential election. On the transition to civilian control of aviation, they expressed concern that the move will be politicized, and put into further risk what they characterized as an already poorly run system.

13. (SBU) The carriers renewed their complaints against the GOA's continued use of a manual system for remote dispatch control, in place of a computerized system. (Note: remote dispatch is the electronic submission of aircraft information with digital signatures to improve aircraft utilization and efficiency. End note.) The carriers also renewed their complaints about the poor and expensive service of the state-owned ground handling company, Intercargo, which most carriers are forced to use, and that many of the carriers' baggage and parcels have been occasional victims of thefts from the company. Speaking of airport security matters in general, the carriers said that they must employ additional personnel just to monitor the work that these and other state service providers (airport police, scanners, ground-handling) perform, such as securing the aircraft, watching checked baggage, and cargo unloading.

TRANSPORT SECRETARY JAIME: REVIEWING TRANSITION PROGRESS, FAA ASSISTANCE OFFER, ICAO GENERAL ASSEMBLY

14. (SBU) Secretary Ricardo Jaime and Vice President of the Airports Regulator Alejandro Orchansky said that Transport Secretary and Ministry of Defense teams have been meeting to plan the transition and incorporate best practices. Jaime noted that a recent ICAO team had also submitted recommendations about the transition, and that U.S. company Mitre has also been involved in transition assistance. Jaime and FAA officials noted that Jaime and FAA Administrator Marion Blakey had exchanged letters about the possibility of the FAA providing assistance with the transition. Filippatos described the FAA's technical assistance programs, and said that the FAA would also be willing to host appropriate GOA policy and technical teams at the FAA's Headquarters and air traffic control and training centers to help the Argentines to better plan their transition, and witness our own civilian-military aviation cooperation in action. He noted that the FAA has done this service for other nations. Jaime promised to look into such a visit, perhaps in conjunction with the upcoming September ICAO GA in Montreal.

15. (SBU) The two sides discussed plans for the September ICAO GA, and in particular our common concerns about the EU's ETS (ref A). Filippatos explained the U.S. position on the ETS, and how we are coordinating a common position with many nations. Although Jaime expressed general agreement with the U.S. position (as did other GOA interlocutors throughout the day, see below), Jaime said that in the end, any GOA position will be a "political" decision from the president.

UNDER SECRETARY CIRIELLI DISCUSSES GOA TRANSITION, ICAO AND EU EMISSIONS PLAN, SECURITY, COMMERCIAL ISSUES

16. (SBU) Under Secretary for Commercial Air Transport Ricardo Cirielli said that his staff had been working with the current civil aviation authority, Air Regions Command, to ensure a smooth transition, and to "use their experience." He said that Transport Secretary Jaime (his immediate superior) and the Ministry of Defense

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were "too busy" with other issues to focus on the transition.
Cirielli expressed a strong interest in Filippatos's offer for him

to visit the FAA in the U.S. to assist him in this transition. Cirielli said that he was hopeful that new air traffic controllers under a civilian agency could be fully trained in two years - an estimate that FAA officials opined could be overly optimistic. Cirielli said that generally low level of English proficiency among Argentina's controllers was likely a factor in some of its own recent aviation problems, such as the reported near-misses.

¶7. (SBU) Cirielli confirmed that an ICAO technical team, whom he said would charge the GOA US\$5 million for a five-year contract to assist in the transition, had recently submitted a report on various policy options from which the GOA might choose among for its transition. He jokingly said the report was largely just a repackaging of the information that the GOA had submitted to the ICAO at the outset of the contract. He said that the ICAO's report included three different scenarios on how the new civilian agency (ANAC) might operate, with various mixtures of Secretary of Transport, Ministry of Defense, and outside contractor involvement and responsibilities. Cirielli strongly expressed his preference for a single and strong head of ANAC, instead of a weaker and

diluted structure, but acknowledged that any decision will be made after the elections, and that "politics" are always paramount. (Note: Cirielli himself is rumored to be one of the candidates to head ANAC, and is strongly lobbying for it. End note.)

¶8. (SBU) Cirielli said that he and Air Regions Command chief Alvarez, who will likely lead the GOA delegation to the ICAO GA, had been meeting recently to coordinate common GOA positions in anticipation of September's meeting. Cirielli and Filippatos discussed the EU's ETS. Cirielli expressed his opposition to it, and said that it was about "a tax, not the environment," but said that he could not commit to any action to support the U.S. position. Filippatos related the U.S. view that this should be an ICAO-wide issue and not a unilateral decision, and that technological innovations are a better method to solve these emissions issues.

¶9. (SBU) Responding to our concerns about the problems with the state-owned ground handling company Intercargo (reported thefts, and expensive and poor service), Cirielli frankly acknowledged that the group is a "mafia," that it was "contaminated from top to bottom," but also said that just as it "steals" things from passengers' bags, it could also just as easily "put things inside" as well in retaliation against any action against them (i.e. planting disallowed items), and that we all have to be careful how this situation is handled. He said that his office is working on a decree to open up the airport's ground-handling services to more providers. (Note: Intercargo reportedly has its near-exclusive service contract until 2009. End note.)

¶10. (SBU) Responding to our concerns that the GOA still requires airlines to manually perform the functions of remote dispatch, which should be done by computer, Cirielli said that Argentina does not have this capability, and dismissed as a "minor, extra expense" to employ extra local personnel to perform this function manually.

RENEWING FAA TECHNICAL ASSISTANCE CONTRACT WITH CIVIL AVIATION
AUTHORITY

¶11. (SBU) Filippatos and Air Regions Command (Argentina's civil aviation authority, under the Ministry of Defense) Commander, Brigadier Jose Antonio Alvarez signed their recently-negotiated agreement extension for continued FAA safety and air worthiness technical assistance. (This FAA technical assistance program has been widely praised by GOA officials.) On the GOA's transition from military to civilian control of aviation, Alvarez said that due to the "unclear" political environment, any and all decisions on policy and personnel must await the outcome of the October presidential elections, including who will head the nascent civil aviation authority ANAC. Speaking of Brazil's own ongoing civil aviation transition, he said that its recent aviation accidents, controller strikes, and other turmoil were a "bad situation," and a "caution" for Argentina's own transition. On ICAO GA, Alvarez noted that he had been recently meeting with Under Secretary Cirielli to coordinate a common GOA position and strategy. On the EU's ETS, Alvarez said that within Argentina's aviation community, there is

wide agreement with the U.S. position, but lamented the "Europeanization" of the Ministry of Foreign Affairs, and acknowledged that the latter's view - more in line with the EU - would be a factor in any final GOA position.

COMMENT

¶12. (SBU) GOA officials and U.S. carriers expressed their satisfaction with this visit. For the GOA, a visit of such a senior U.S. official is important to demonstrate our engagement. The media also reported this visit in a very positive way. Our goal, to bolster our already strong ties with GOA aviation officials, was clearly met. Further, both sides appear to agree on our main issues: that the transition from military to civilian control of Argentine civil aviation is done with care, that our offer for FAA technical assistance on the transition is understood, and that we express our views on ICAO and ETS. Post will continue to engage the GOA on our position with regard to the EU's ETS and seek their support, and identify appropriate GOA officials to visit the FAA on the transition. END COMMENT

¶13. (U) Assistant Administrator Filippatos cleared on this cable.

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